TABLES RELATED TO

CONSIDERATION OF H.R. 1183

by the

COMMITTEE ON WAYS AND MEANS

ON JUNE 16, 1983

Prepared by the Staff

of the

Joint Committee on Taxation

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Table 1 - Tax Schedule under Present Law, Under a 14.5% Rate Cut and Under the $700 Cap Proposal for 1984 (Joint Returns)

Taxable income bracket	Tax rate			Tax at beginning of bracket		
	Present law	14.5% rate cut	$700 cap	Present law	14.5% rate cut	$700 cap 1/
0 to $3,400	0%	0	0%	$0	$0	$0
3,400 to 5,500	11	12	11	0	0	0
5,500 to 7,600	12	14	12	231	252	232 (20)
7,600 to 11,900	14	15	14	483	546	483 (63)
11,900 to 16,000	16	18	16	1,085	1,191	1,085 (106)
16,000 to 20,200	18	21	18	1,741	1,929	1,741 (188)
20,200 to 24,600	22	24	22	2,497	2,811	2,497 (314)
24,600 to 29,900	25	27	25	3,465	3,867	3,465 (402)
29,900 to 35,200	28	32	28	4,790	5,298	4,790 (508)
35,200 to 45,800	33	37	37	6,274	6,994	6,274 (720)
45,800 to 60,000	38	42	42	9,772	10,916	10,196 (720)
60,000 to 85,600	42	46	46	15,168	16,880	16,160 (720)
85,600 to 109,400	45	50	50	25,920	28,656	27,936 (720)
109,400 to 162,400	49	50	50	36,630	40,556	39,836 (720)
162,400 and over	50	50	50	62,600	67,056	66,336 (720)

1/ Tax reduction relative to 14.5 percent rate cut in parentheses.

Table 2.--Adjusted Gross Income Levels Above Which a $700 Cap Increases Tax for 1983 and Thereafter

Filing status	Non-itemizer	Itemizer*
Unmarried individual, no dependents	$29,800	$35,714
Joint return, no dependents	$37,200	$43,896
Joint return, two dependents	$39,200	$46,494

* Itemized deductions assumed equal to 23 percent of adjusted gross income.

Table 3 - Comparison of Federal Individual Income Tax Burdens Under 1984 Present Law and Under the $700 Cap Proposal 1/

Example	1			2			3			4			5		
Filing status	Single			Joint			Joint			Joint Two-earner			Joint Two-earner		
Dependents	None			None			Two			None			Two		
Income	Tax Liability														
	present law	pro-posal	change	present law	pro-posal	change	present law	pro-posal	change	present law	pro-posal	change	present law	pro-posal	change
5000	193	193	0	0	0	0	-500	-500	0	0	0	0	-500	-500	0
10000	915	915	0	539	539	0	291	291	0	504	504	0	261	261	0
15000	1572	1572	0	1253	1253	0	952	952	0	1193	1193	0	900	900	0
20000	2392	2392	0	1885	1885	0	1549	1549	0	1795	1795	0	1469	1469	0
25000	3348	3348	0	2596	2596	0	2218	2218	0	2466	2466	0	2106	2106	0
30000	4385	4385	0	3443	3443	0	3003	3003	0	3278	3278	0	2838	2838	0
35000	5540	5540	0	4403	4403	0	3903	3903	0	4184	4184	0	3684	3684	0
40000	6827	6959	132	5434	5434	0	4874	4874	0	5154	5154	0	4615	4615	0
45000	8210	8496	286	6555	6589	34	5952	5952	0	6197	6197	0	5637	5637	0
50000	9673	10113	440	7825	8013	188	7165	7273	108	7413	7551	138	6753	6811	58
55000	11222	11838	616	9096	9438	342	8436	8698	262	8642	8929	287	7982	8189	207
65000	14456	15457	1001	11919	12569	650	11159	11729	570	11302	11887	585	10542	11047	505
75000	17915	19188	1273	14845	15803	958	14085	14963	878	14133	15016	883	13373	14176	803
85000	21611	23038	1427	18045	19311	1266	17205	18391	1186	17153	18334	1181	16313	17414	1101
95000	25307	26888	1581	21279	22853	1574	20439	21933	1494	20282	21761	1479	19442	20841	1399
100000	27155	28813	1658	22896	24624	1728	22056	23704	1648	21846	23474	1628	21006	22554	1548
200000	65585	67313	1728	59170	62836	3666	58190	61836	3646	57700	61336	3636	56720	60336	3616
300000	104085	105813	1728	97600	101336	3736	96600	100336	3736	96100	99836	3736	95100	98836	3736
500000	181085	182813	1728	174600	178336	3736	173600	177336	3736	173100	176836	3736	172100	175836	3736
1000000	373585	375313	1728	367100	370836	3736	366100	369836	3736	365600	369336	3736	364600	368336	3736

1/ Assumes itemized deductions are 23 percent of adjusted gross income. Computed without reference to the tax tables.

Table 4A - Distributional Effects of $700 Cap Proposal Compared With 1984 Present Law by Filing Status--Returns With Tax Change

(1982 Income Levels)

Expanded Income Class 1/ ($000's)	Joint--Two-Earner		Joint--Other		Single & Head of Household		Total 2/	
	Number of returns with tax change 3/	Percent of taxable returns	Number of returns with tax change 3/	Percent of taxable returns	Number of returns with tax change 3/	Percent of taxable returns	Number of returns with tax change 3/	Percent of taxable returns
Under $10	—	—	—	—	—	—	—	—
10 - 20	—	—	—	—	—	—	12 (0.1%)	4/
20 - 30	—	—	—	—	3 (0.2%)	0.1%	141 (1.7)	0.8%
30 - 40	150 (3.8%)	2.6%	102 (3.9%)	3.5%	620 (45.8)	52.2	904 (11.2)	9.2
40 - 50	1,485 (37.9)	54.3	786 (30.0)	58.4	333 (24.6)	81.8	2,610 (32.3)	58.1
50 - 75	1,563 (39.9)	92.2	1,054 (40.3)	88.6	257 (19.0)	90.8	2,880 (35.6)	90.7
75 - 100	335 (8.6)	94.4	307 (11.7)	93.3	66 (4.9)	85.7	711 (8.8)	93.2
100 - 200	299 (7.6)	93.1	287 (11.0)	88.0	57 (4.2)	81.4	643 (8.0)	89.6
200 & over	86 (2.2)	85.1	79 (3.0)	80.6	19 (1.4)	70.4	184 (2.3)	81.1
Total	3,917 (100.0%)	17.4%	2,616 (100.0%)	13.6%	1,354 (100.0%)	3.9%	8,085 (100.0%)	10.4%

1/ Expanded income equals adjusted gross income plus excluded capital gains and various other tax preference items less investment interest to the extent of investment income.
2/ Total includes married filing separate returns that are not listed elsewhere.
3/ Percentage distribution in parentheses.
4/ Less than 0.1%.

Table 4B - Distributional Effects of $700 Cap Proposal Compared With 1984 Present Law by Filing Status—Amount of Tax Change

(1982 Income Levels, dollar aggregates in millions)

Expanded Income Class 1/ ($000's)	Joint—Two-Earner		Joint—Other		Single & Head of Household		Total 2/	
	Amount of Tax Change	Percentage Distribution	Amount of Tax Change	Percentage Distribution	Amount of Tax Change	Percentage Distribution	Amount of Tax Change	Percentage Distribution
Under $10	—	—	—	—	—	—	—	—
10 - 20	—	—	—	—	—	—	—	—
20 - 30	—	—	—	—	—	—	$ 19	0.4%
30 - 40	$ 6	0.2%	$ 5	0.2%	$ 77	12.2%	100	1.9
40 - 50	231	9.2	123	5.9	118	18.8	475	9.0
50 - 75	780	31.0	553	26.4	205	32.6	1,544	29.2
75 - 100	422	16.8	397	19.0	89	14.1	912	17.2
100 - 200	764	30.3	732	35.0	103	16.4	1,600	30.3
200 & over	314	12.5	284	13.6	36	5.7	635	12.0
Total	2,518	100.0	2,093	100.0	629	100.0	5,287	100.0

1/ Expanded income equals adjusted gross income plus excluded capital gains and various other tax preference items less investment interest to the extent of investment income.

2/ Total includes married filing separate returns that are not listed elsewhere.

Table 4C - Distributional Effects of $700 Cap Proposal Compared With 1984 Present Law by Filing Status—Average and Percentage Tax Change

(1982 Income Levels)

Expanded Income Class 1/ ($000's)	Joint--Two-Earner		Joint--Other		Single & Head of Household		Total 2/	
	Average Tax Change for Returns Affected	Percent Tax Change 3/	Average Tax Change for Returns Affected	Percent Tax Change 3/	Average Tax Change for Returns Affected	Percent Tax Change 3/	Average Tax Change for Returns Affected	Percent Tax Change 3/
Under $10	—	—	—	—	—	—	—	—
10 - 20	—	—	—	—	—	—	$ 31	4/
20 - 30	—	—	—	—	$ 4	4/	135	4/
30 - 40	$ 43	4/	$ 45	4/	125	1.2%	111	0.2%
40 - 50	156	1.3%	156	1.5%	357	3.8	182	1.6
50 - 75	499	4.7	525	4.8	796	6.3	536	4.9
75 - 100	1,260	7.1	1,292	7.2	1,356	6.4	1,284	7.1
100 - 200	2,555	7.6	2,550	7.4	1,819	4.3	2,487	7.2
200 & over	3,655	2.9	3,611	2.7	1,887	0.9	3,448	2.5
Total	$ 643	2.4%	$ 800	2.8%	$ 464	1.0%	$ 654	2.2%

1/ Expanded income equals adjusted gross income plus excluded capital gains and various other tax preference items less investment interest to the extent of investment income.
2/ Total includes married filing separate returns that are not listed elsewhere.
3/ Tax change as a percentage of total positive tax liability within each class.
4/ Less than 0.1%.

Table 5A - Aggregate Change in Tax Liability by Income Class from Major Provisions of ERTA and TEFRA Compared to Changes Due to Inflation and Social Security Legislation. Changes Measured for Tax Year 1984. (1982 income levels, millions of dollars)

Expanded income class ($000's) 1/	Combined inflation increases 2/ and changes in social security 3/ (prior to 1983 legislation) After 1979	After 1980	After 9/30/81	Legislated income tax changes ERTA 4/	TEFRA 5/	NET
Under $10	$5,184	$3,853	$1,735	$-1,961	$9	$-1,952
10 - 20	14,137	10,016	4,638	-9,787	246	-9,541
20 - 30	17,066	12,268	5,834	-15,188	419	-14,769
30 - 40	15,708	11,260	5,411	-14,807	313	-14,494
40 - 50	10,584	7,583	3,769	-10,199	233	-9,966
50 - 75	10,836	7,537	3,727	-10,815	304	-10,511
75 - 100	3,719	2,510	1,248	-4,209	181	-4,028
100 - 200	4,311	2,843	1,416	-6,289	342	-5,947
200 & over	1,728	1,115	552	-6,182	486	-5,696
Total	$83,274	$58,985	$28,328	$-79,437	$2,534	$-76,903

1/ Expanded Income is equal to Adjusted Gross Income plus excluded capital gains and other tax preference items less investment interest paid to the extent of investment income.

2/ Revenue gain from not adjusting personal exemption, zero bracket amount, and rate brackets by 46.0, 28.6, or 14.7 percent. These adjustments correspond to actual and forecasted rates of CPI-U inflation measured concurrently over periods beginning with the date shown and ending with 1984. Revenue gain evaluated against 1979 tax schedules.

3/ Additional employee and self-employed payroll tax from ad hoc increases in the wage base above what would have occurred under indexing (equivalent in 1982 to $3,300 for the two increases that occurred after 1979 and to $1,800 for the single increase that occurred after 1980), and from increases in rates for employees from 6.13 percent to 6.65 percent in 1981 and to 6.7 percent in 1982, and from increases in rates for the self-employed from 8.1 percent to 9.3 percent in 1981 and to 9.35 percent in 1982. Does not include expanding HI coverage to Federal employees or effects of 1983 social security legislation.

4/ ERTA provisions in the distribution include: the two-earner deduction, full three-year rate changes covering both regular and alternative minimum tax rates, charitable deduction for non-itemizers, and modifications to the child care credit.

5/ TEFRA provisions in the distribution include: conversion to a new minimum tax, limitation on both medical expense and casualty loss deductions, and expanded taxation of unemployment compensation.

Table 5B.—Cumulative Tax Changes Net of Tax Increases from Inflation and Social Security Under Present Law and Under the $700 Cap Proposal 1/

(1982 income levels, dollars in millions)

Expanded Income Class ($000's)	Present law with no changes						Cap the Third Year at $700					
	After 1979		After 1980		After 9/30/81		After 1979		After 1980		After 9/30/81	
Below $10	$3,232	(30%)	$1,901	(16%)	$-217	(-2%)	$3,232	(30%)	$1,901	(16%)	$-217	(-2%)
10 - 20	4,596	(10)	475	(1)	-4,903	(-9)	4,596	(10)	475	(1)	-4,903	(-9)
20 - 30	2,297	(3)	-2,501	(-4)	-8,935	(-12)	2,316	(4)	-2,482	(-4)	-8,916	(-12)
30 - 40	1,214	(2)	-3,234	(-5)	-9,083	(-13)	1,318	(2)	-3,130	(-5)	-8,979	(-13)
40 - 50	618	(2)	-2,383	(-6)	-6,197	(-14)	1,096	(3)	-1,905	(-5)	-5,719	(-13)
50 - 75	325	(1)	-2,974	(-7)	-6,784	(-15)	1,872	(5)	-1,427	(-3)	-5,237	(-12)
75 - 100	-309	(-2)	-1,518	(-9)	-2,780	(-16)	604	(4)	-605	(-4)	-1,867	(-11)
100 - 200	-1,636	(-6)	-3,104	(-11)	-4,531	(-16)	-35	(0)	-1,503	(-6)	-2,930	(-10)
200 & over	-3,968	(-13)	-4,581	(-15)	-5,144	(-17)	-3,332	(-11)	-3,945	(-13)	-4,508	(-15)
Total	$6,371	(2%)	$-17,918	(-6%)	$-48,575	(-16%)	$11,668	(5%)	$-12,621	(-5%)	$-43,278	(-14%)

1/ These figures are the effects of the legislated tax changes shown in the last column of Table 5B minus the figures in one of the corresponding first three columns of that table. The amounts do not include the effects of the 1983 social security legislation. Figure in parentheses is this change as a percentage of net tax liability (tax liability net of inflation and social security increases occurring after the date shown).